

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Material to be Filed in Support of	)	WCB/Pricing File No. 11-05
2011 Annual Access Tariff Filings	)	

**ORDER**

**Adopted: March 29, 2011**

**Released: March 29, 2011**

By the Chief, Pricing Policy Division:

**I. INTRODUCTION**

1. We set forth herein the Tariff Review Plans (TRPs) that all incumbent local exchange carriers (ILECs) must file to support the annual revisions to the rates in their interstate access service tariffs.<sup>1</sup> The completion of the TRPs appended to this document will partially fulfill the requirements established in sections 61.41 through 61.49 of the Commission's rules.<sup>2</sup> The TRPs display basic data on rate development in a consistent manner, thereby facilitating review of the ILEC rate revisions by the Commission and interested parties.<sup>3</sup> The annual TRPs have served this purpose effectively in past years.

2. Rate-of-return ILECs subject to section 61.39 of the Commission's rules<sup>4</sup> are required to file access service tariff revisions this year, an odd-numbered year,<sup>5</sup> and are not required to submit supporting documentation with their tariff filings.<sup>6</sup> These carriers are reminded that the Commission may require the submission of such information as may be necessary for the review of a tariff filing.<sup>7</sup> The completion of the attached TRP will assist the Commission in that review if it becomes necessary.

3. Rate-of-return ILECs subject to section 61.38 of the Commission's rules<sup>8</sup> are required to file access service tariff revisions in even-numbered years.<sup>9</sup> Any rate-of-return ILEC subject to section 61.38 electing to make a voluntary tariff filing at this time is reminded that it must file a TRP to support

<sup>1</sup> The filing date and comment and reply comment periods will be specified in a separate order. *See July 1, 2011 Annual Access Charge Tariff Filings*, WCB/Pricing File No. 11-04, Order, DA 11-569 (Wireline Comp. Bur., rel. Mar. 29, 2011).

<sup>2</sup> 47 C.F.R. §§ 61.41-61.49.

<sup>3</sup> TRP formats for the annual filings are developed for the specific circumstances of the calendar year in which the revised rates will become effective. We refer to the TRPs discussed in this document as the 2011 TRPs.

<sup>4</sup> 47 C.F.R. § 61.39.

<sup>5</sup> 47 C.F.R. § 61.39(f)(2).

<sup>6</sup> 47 C.F.R. § 61.39(b).

<sup>7</sup> 47 C.F.R. § 61.39(a).

<sup>8</sup> 47 C.F.R. § 61.38.

<sup>9</sup> 47 C.F.R. § 69.3(f)(1).

these revisions. The completion of the TRPs will partially fulfill the requirements established in section 61.38 of the Commission's rules. Carriers that voluntarily file this year may use the TRP specified last year.<sup>10</sup>

4. Based on the Bureau's experience in reviewing TRPs in prior years, the submission by price cap ILECs of the short form TRP on May 17, 2011, together with comments and reply comments by interested parties, will aid the Bureau in analyzing the annual demand and rate revisions to be filed in June 2011. Section II, below, details modifications to the price cap TRP.

5. Last year, the Wireline Competition Bureau (Bureau) granted a waiver to all price cap ILECs from the requirement that they submit PC-1 and IND-1 forms as part of the short form TRP, and for price cap ILECs that have reached their Average Traffic Sensitive (ATS) rate target, from the requirement that they submit the TGT-1 and TGT-2 forms as part of the short form TRP.<sup>11</sup> On March 11, 2011, the United States Telecom Association (USTelecom) filed a request for the same waiver granted last year to be granted for the 2011 filing.<sup>12</sup> As they explained last year, the USTelecom Petition states that all price cap ILECs would continue to file the EXG-1 form and their exogenous work papers and price cap ILECs that have not reached their ATS target would also continue to file the TGT-1 and TGT-2 forms.<sup>13</sup> By Public Notice issued March 14, 2011, we sought comment on the USTelecom Petition, and no comments were filed.<sup>14</sup> Accordingly, we grant the USTelecom Petition waiver for this year only. We conclude that a waiver is justified because no circumstances have changed from last year, and we believe that the Commission and interested parties will continue to have the necessary information to review the annual access tariff filings because the carriers will submit the waived information as part of their long form TRPs. Accordingly, price cap ILECs in 2011 will not be required to file the PC-1 and IND-1 forms as part of the short form TRP, and price cap ILECs that have reached their ATS rate target are not required to submit the TGT-1 and TGT-2 forms as part of their short form TRP. However, all price cap ILECs are still required to file the EXG-1 form and their exogenous work papers and price cap ILECs that have not reached their ATS target must also file the TGT-1 and TGT-2 forms.

6. In addition, we provide notice that the 2011 annual access tariff filing will be the last tariff filing period for which the Commission will accept TRP filings submitted in a Lotus format. Because of technological changes and lack of vendor support for the Lotus program, it has become increasingly difficult for the Commission to continue to accept and work with Lotus files. Therefore, beginning with the 2012 annual access tariff filing, the Commission will require that TRPs be submitted in a Microsoft Excel format.

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<sup>10</sup> See *Material to be Filed in Support of 2010 Annual Access Tariff Filings*, WCB/Pricing File No. 10-04, Order, 25 FCC Rcd 2872 (Wireline Comp. Bur., 2010).

<sup>11</sup> *Id.* at 2.

<sup>12</sup> See Petition of the United States Telecom Association for Waiver of Rule 61.49(k)'s Non-exogenous Cost Data Requirements for the Short Form Tariff Review Plan and for Waiver of Rule 61.49(k)'s Deadline for Filing the Exogenous Cost Data Requirements of the Short Form Tariff Review Plan, WC Docket No. 10-46 at 2 (filed March 11, 2011) (USTelecom Petition).

<sup>13</sup> *Id.*

<sup>14</sup> *United States Telecom Association Petition for Waiver of Requirements in Section 61.49(k) of the Commission's Rules for the Short Form Tariff Review Plan*, WC Docket No. 10-46, Public Notice, DA 11-492 (Pricing Pol. Div., rel. Mar. 14, 2011).

## II. PRICE CAP TARIFF REVIEW PLAN

7. In the *LEC Price Cap Order*,<sup>15</sup> the Commission adopted price cap regulation for certain ILECs, effective January 1, 1991. Companies that currently file interstate access tariffs pursuant to the price cap rules include the ACS Companies; AT&T Services, Inc.;<sup>16</sup> CenturyTel Operating Companies; Cincinnati Bell Telephone Company; Consolidated Communications; Embarq Local Telephone Companies (Embarq LTC); the FairPoint Telephone Companies; Frontier Telephone Companies; Hawaiian Telecom, Inc.; Illinois Consolidated Telephone Company; Micronesian Telecommunications Corp.; Puerto Rico Telephone Company; Qwest Corporation; the Verizon Telephone Companies; Virgin Island Telephone Company; and Windstream Telephone System. All companies that file pursuant to price cap regulation in the 2011 annual filing must file the price cap TRPs outlined below and contained in the Appendix.

### A. Modifications to the Price Cap TRP

8. In the 2011 price cap annual access TRP, we have adopted minor changes to the 2010 TRP to conform the forms for the 2011 TRP filing. The forms and workpapers are discussed in detail in Section B of this order.

9. The 2011 TRP requires those ILECs that price certain common line rate elements separately by jurisdiction within a study area to provide such individual rates instead of a roll up or average rate. These common line rate elements will be found in a separate form called the CAP-1J form.

10. In the 2011 TRP, companies will provide a worksheet listing services that have been removed from price caps, the tariff section associated with that service, and the date and reason services have been removed from price caps. We provide the format for the worksheet in the Excluded Service section in Part B, below.

### B. TRP Forms and Workpapers

#### 1. IND1 Form

11. The IND1 form displays price cap indices (PCIs), actual price indices (APIs), service band indices (SBIs), and upper SBI limits. It is unchanged from the version in the 2010 TRP. To assist in verifying the historical indices reported in IND1, ILECs must continue to file a workpaper that identifies transmittals in which the current index levels became effective.

#### 2. TGT Forms

12. The TGT forms show the calculations necessary to arrive at an ATS rate for filing carriers. All companies must fill out the TGT-1 and TGT-3 forms. Companies that have not reached the ATS target will fill out the TGT-2 form. Companies that have met their ATS target should specify the date when they met the target and the transmittal number of the filing in the TGT-1 form. As in the 2010 TRP, the TGT forms allow for complete identification of the original, current, and capped average traffic sensitive rates. There are no revisions to these forms.

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<sup>15</sup> *Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Order, 5 FCC Rcd 6786 (1990) (*LEC Price Cap Order*), *recon.*, 6 FCC Rcd 2637 (1991), *further recon.*, 6 FCC Rcd 4524 (1991), 7 FCC Rcd 5235 (1992), *National Rural Telecom Ass'n v. FCC*, 988 F.2d 174 (D.C. Cir. 1993).

<sup>16</sup> AT&T companies that will file TRPs include: Ameritech Operating Company; BellSouth Telephone Company; Nevada Bell Telephone Company; Pacific Bell Telephone Company; Southern New England Telephone (SNET); and Southwestern Bell Telephone.

### 3. CAP Forms

13. Price cap ILECs develop the End User Common Line Charge (EUCL), the Presubscribed Interexchange Carrier Charge (PICC), and Carrier Common Line (CCL) rates, the rates that recover common line, marketing and transport interconnection (CMT) revenue, on CAP-1, CAP-2, CAP-3, CAP-4, and CAP5. There are no revisions to these forms.

### 4. PCI1 Form

14. The PCI1 form displays the calculation of the PCIs for the price cap baskets and includes the following data: (1) the Gross Domestic Product Price Index (GDP-PI) measuring inflation; (2) the productivity offset (X-Factor);<sup>17</sup> (4) the exogenous cost change (Z); (5) the base-year (calendar-year 2007) revenue R for each basket; and (6) the weighting factor (w) used in computing the PCIs. There are no revisions to the PCI1 form.

### 5. SUM1 Form

15. This is a summary form displaying the revenues in baskets and categories. It displays the base-year (calendar year 2010) service demand multiplied by: (1) current rates; and (2) proposed rates. SUM1 is used to calculate the difference in revenues using base-year demand, under current and proposed rates. There are no revisions to the SUM1 form.

### 6. EXG Forms

16. The EXG1 form displays the exogenous cost changes to the PCIs attributable to any: (1) sale of exchanges; (2) FCC regulatory fees; (3) excess deferred taxes; (4) amortization of investment tax credits; (5) low end adjustment calculations; (6) fees associated with Telecommunications Relay Service; (7) changes in the allocation of costs between regulated and unregulated activities; (8) North American Numbering Plan (NANP) expenses; (9) removal of thousand block number pooling; and (10) other exogenous cost changes the ILECs may file. There are no revisions to the EXG1 form.

17. The EXG2 form displays the net exogenous shifts related to bands and zones for the ATS categories. There are no revisions to the EXG2 form.

### 7. Combined Indices

18. The TRP includes a subprogram or switch that allows companies to combine several study areas for purposes of calculating common basket and service band indices.<sup>18</sup> Thus, companies may file different tariffed rates while combining indices across all study areas for maintaining headroom, the difference between maximum allowable revenues (PCI revenues) and forecasted revenues (API revenues). There are no revisions to these forms.

### 8. RTE1 Forms

19. These forms display information used to compute the APIs, SBIs, and upper SBI limits. They display calendar year 2010 demand, current rates, proposed rates, and revenues computed by multiplying the 2010 demand by current and proposed rates. The RTE1 forms enable the Commission to

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<sup>17</sup> The X-Factor is set pursuant to section 61.45 of the Commission's rules. 47 C.F.R. § 61.45.

<sup>18</sup> This switch in the program would apply, for example, to Verizon and Embarq LTC, which have submitted TRPs where basket indices and service bands have been aggregated even though some study area tariffs have been kept separated.

verify the accuracy of “R,” the revenue variable in the PCI formula that equals base period (2010) demand multiplied by rates. Demand and price data are reported in the aggregate under the primary rate elements of each category. The level of aggregation in the RTE1 forms allows rapid, consistent verification of index calculations across all companies. There are no revisions to the RTE1 forms.

### **9. Rate Detail Form**

20. In their previous annual filings, ILECs provided a form that gave complete rate element detail, *i.e.*, demand, existing rates, and proposed rates for each rate element subject to price caps. ILECs should again file this form with their 2011 annual access tariff filing. We leave unspecified the exact format of the rate detail form because each price cap ILEC has a different number of rate elements. For each rate element, however, ILECs should display the rate element name, jurisdiction, base period demand, current rates, and proposed rates. ILECs may also include a rate identifying code. The revenue amounts for baskets and categories should be totaled to assist in verifying the agreement between this form and the revenue amounts in RTE1. The variation in the number of rate elements among ILECs prevents us from specifying the row numbers, but each row of this form should correspond to only one rate element. The rows should reflect the basket and service category sequence used in RTE1. There are no revisions to this form.

### **10. Services Excluded from Price Caps**

21. For the 2011 filing, we request companies to provide a list of services that are tariffed, but are not in price caps, and the tariff section containing each service. Rate element details must be provided for the following categories: Special Construction/ICBs; Packet Services (*e.g.*, ATM, Frame Relay); End User Charges (*e.g.*, USF charges, LNP); Government Services (*e.g.*, FTS); Miscellaneous/Other (*e.g.*, engineering services); and services that were in price caps but have been removed (*e.g.*, interexchange services, special access, trunking). Companies must provide information as to the authorization for removal. The company must identify the major service and indicate whether the rate is recurring or non-recurring. ILECs must clearly state in their cover letter where this information can be found in their TRP.

### **C. Miscellaneous**

22. Price cap ILECs may, if they wish to do so, submit their Form 492A for calendar years 2009 and 2010 as part of their TRP support material, and use the footnote page provided on Form 492A to explain the development of composite tax rates. As in previous annual filings, the earnings of services excluded from price cap treatment should be removed based on the assumption that the excluded services earned the same interstate rate of return as did price cap services. The Wireline Competition Bureau’s Industry Analysis and Technology Division will have copies of the Form 492A on file.

23. In addition to the above specifications, price cap ILECs must include with their support materials a list of all currently applicable Part 69 waivers. The list should include the following information: (1) a citation to the Commission or Bureau order granting the waiver; (2) a brief description of the waiver, including whether any new rate elements were authorized; and (3) the basket and, if applicable, service category of each rate element affected by the waiver.

## **III. RATE-OF-RETURN TARIFF REVIEW PLAN**

### **A. Modifications to the Rate-of-Return TRP**

24. In the 2011 rate-of-return TRP, we have adopted certain changes to the 2010 rate-of-return TRP. These modifications are noted in the forms and workpapers. The TRP for section 61.39 carriers is contained in the Appendix.

25. For this rate-of-return tariff filing, the attached TRP is in the Microsoft Excel 97 format, which can be created with Excel 97 or later. The Commission's Electronic Tariff Filing System accepts Excel 97 files. This facilitates staff analysis of the data presented.

26. The rate-of-return TRP consists of several forms. In each form, carriers are required to enter data in several fields. In the rows or columns where data entry is required in the worksheet, the label "ENTER DATA" is evident. In those fields in which calculations are performed by pre-programmed formulae in the spreadsheet, the words "CALCULATED FIELDS" appear.<sup>19</sup>

#### **B. General Guidelines Applicable to NECA**

27. We have not adopted a TRP for the National Exchange Carrier Association (NECA), although NECA should refer to the rate-of-return TRP for guidance on the level of support materials to provide in its annual filing. As in the past, NECA should provide: (1) earnings data using the ERN-1 format; and (2) average schedule company settlements using the COS-1 format.

### **IV. GENERAL INSTRUCTIONS**

28. The following general instructions apply to all ILECs. These instructions pertain to the TRPs and other documentation filed in support of access charges.

#### **A. Revised TRPs**

29. If ILECs file to revise their TRP after June 16, 2011, the TRP should be refiled in its entirety, rather than just the parts of the TRP that are changed. The latest TRP filed becomes the TRP of record. Other parts of the original filing, *e.g.*, portions of the explanations, description and justification, and workpapers, may be omitted if unchanged by the revision.

#### **B. Certification**

30. The filing of inaccurate or incomplete data may seriously detract from the ability of the Commission and interested parties to evaluate the revised rates. All ILECs must certify that their historical and forecast data are accurate by including a signed statement that the support data are true, correct, and complete to the best of the carrier's knowledge. This certification will apply to all data submitted in support of revised rates, including the data that are filed in the TRP. The text of the certification is the same as that adopted in the *1987 Waiver Order*.<sup>20</sup> The certification should be displayed as the last page in the binder containing each company's TRP. ILECs are also under a continuing legal obligation to correct any inaccurate or incomplete data subsequently discovered in the TRP or other support data.<sup>21</sup>

#### **C. Waivers**

31. If carriers determine that they are unable to provide certain data in the TRP, they may request a waiver. These waiver applications should demonstrate good cause for reporting a different or lower level of detail than specified and should indicate how the carrier intends to report complete TRP data in the future. Each carrier requesting any waiver of Commission rules should include all such

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<sup>19</sup> Fields that require data entry are colored black; calculated fields are colored blue.

<sup>20</sup> *Annual 1987 Access Tariff Filings*, Petitions for Waivers of Filing Requirements, Mimeo No. 6945 (rel. Sept. 16, 1986) (*1987 Waiver Order*).

<sup>21</sup> See 47 C.F.R. § 1.17 (establishing requirement for truthful and accurate statements in Commission matters, including "any tariff proceeding").



requests in a single application. Carriers should not delay undertaking development of data for the 2010 TRP in anticipation that waiver requests will be granted.

**D. Compliance with the Paperwork Reduction Act**

32. The TRPs are subject to approval by the Office of Management and Budget (OMB) in accordance with the provisions of the Paperwork Reduction Act.<sup>22</sup> OMB has approved the TRPs through March 31, 2012.<sup>23</sup> In compliance with the Paperwork Reduction Act, we estimate burden-hours and place the OMB form number and date on the forms included in the Appendix. We note that these TRPs were developed after informal discussions with ILECs and other industry representatives. We minimize the regulatory burden on the ILECs by deleting obsolete sections of the TRP that have not proved useful, and carriers need not file historical data that have been filed in previous years.

**V. ORDERING CLAUSE**

33. Accordingly, IT IS ORDERED that, pursuant to sections 1, 4 (i) and (j), 201-209, of the Communications Act, as amended, 47 U.S.C. §§ 151, 154(i), (j), 201-209, and pursuant to authority delegated in sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, this order IS HEREBY ADOPTED as described above.

FEDERAL COMMUNICATIONS COMMISSION

Albert M. Lewis  
Chief, Pricing Policy Division  
Wireline Competition Bureau

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<sup>22</sup> 44 U.S.C. §§ 3506 *et seq.*

<sup>23</sup> OMB Control No. 3060-0400.

## Appendix

### Tariff Review Plans

Approved by OMB

3060-0400

Expires March 31, 2012

See below for information regarding public  
burden estimate.

NOTICE: These Tariff Review Plans (TRPs) contain summary support material that certain local exchange carriers (LECs) must file to support their annual access charge tariff filings in partial fulfillment of sections 61.39 and 61.44 through 61.49 of the Commission's rules. The TRPs specify basic information in a consistent format and are essential components of the Commission's access tariff review process. The information in the TRPs is used by the Commission to evaluate rates. Public reporting burden for this collection of information is estimated to average 61 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Federal Communications Commission, Office of Managing Director, Washington, DC 20554, and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503.

#### **Price Cap Short Form TRP**

<http://www.fcc.gov/wcb/ppd/shortformTRP11.wk4>

#### **Price Cap Long Form TRP**

<http://www.fcc.gov/wcb/ppd/longformTRP11.wk4>

#### **Rate of Return Form TRP**

<http://www.fcc.gov/wcb/ppd/RORTRP11.xls>